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RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004741

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SWALKER, NEA/RA LLEE, IO/PSC BFITZGERALD, TREASURY FOR TFFC  
DGLASER AND OFAC FOR RWERNER, NSC FOR JZARATE, LONDON FOR  
LTSOU, MANAMA FOR JBEAL

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SUBJECT: HEAD OF CENTRAL BANK'S AML UNIT ON MENA/FATF,  
DRAFT TF LAW, AND KUWAIT'S FIU

REF: KUWAIT 3831

Classified By: Ambassador Richard LeBaron. Reasons 1.4(b) and (d)

¶1. (C) Begin Summary. On November 10, Emboffs met with Talal Al-Sayegh, head of the Kuwait Central Bank's Anti-Money Laundering unit, to discuss the latest MENA/FATF developments, get an update on the new terror finance legislation, and reaffirm USG technical assistance offers in support of Kuwait's CTF/AML efforts. Al-Sayegh confirmed that Kuwait will host a training seminar for MENA/FATF assessors in December (17-21). He explained that the draft of the new terror finance law was complete and pending the approval of the National Committee on Combating Terror Finance and Money Laundering prior to submission to the Council of Ministers (cabinet) and National Assembly. He welcomed USG input on the draft and noted that the timing of consultations will be determined by the National Committee. Al-Sayegh explained that the new law would address systemic shortfalls, including deficiencies in Kuwait's Financial Intelligence Unit (FIU). He acknowledged and welcomed USG technical assistance offers without committing to anything specific at this time. End Summary

Kuwait's Role in MENA/FATF  
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¶1. (C) On November 10, Econoff, accompanied by U.S. Customs advisor and Poloff, met with Talal Al-Sayegh, head of the Central Bank of Kuwait's (CBK) Anti-Money Laundering (AML) unit to discuss Kuwait's participation in the latest Middle East and North Africa Financial Action Task Force (MENA/FATF) plenary held in Beirut on September 26-27. Al-Sayegh informed Emboffs that the plenary was attended by members of the GOK's interagency National Committee on Combating Terror Finance and Money Laundering, resulting in Kuwait's active participation in the development of plenary papers identifying "best practices" on charities and cash couriers.

¶2. (C) Al-Sayegh explained that these papers, including a third on hawalas, were approved by the MENA/FATF member states and would soon be available on the MENA/FATF website for public review. He added that two subcommittees, one on "Training and Assessment" and a second on "Evaluations" were established with the objective of providing member states with appropriate technical assistance and guidelines for conducting self-assessments and mutual evaluations of their respective CTF/AML regimes.

13. (C) Al-Sayegh noted that Kuwait's well-established standards of compliance allowed it the opportunity to host a training workshop for member state assessors, to be conducted in Kuwait on December 17-21. He explained that the relevant training material had been provided by the World Bank and IMF and that each of the member states would nominate a total of three workshop participants from the financial, legal, and law enforcement sectors. The training program would provide for mock assessments in anticipation of the March 2006 FATF-mandated mutual country evaluations.

14. (C) When asked about possible Kuwait membership in the Paris-based Financial Action Task Force (FATF), Al-Sayegh explained that FATF was not looking to expand its membership at this time given budget constraints, but noted that Kuwait was an indirect member through GCC representation.

#### New Terror Finance Law

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15. (C) Al-Sayegh said that the draft legislation amending the country's outdated 2002 money laundering law was complete and pending final review by the National Committee at its next meeting (date not confirmed). Emboffs reaffirmed the USG's interest in reviewing the draft legislation in anticipation of its submission to the Council of Ministers and National Assembly for final approval. Al-Sayegh acknowledged the pending USG offer to review the draft and explained that such offers by the USG's Department of Justice, FinCen and others, including the IMF, were welcome but would have to be agreed upon by the National Committee. (Note: The Central Bank Governor is the Chairman of the National Committee and is amenable to "exchanging notes" on the draft per reftel meeting with Ambassador.)

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#### Strengthening Kuwait's FIU

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16. (C) With regard to the Kuwait Financial Intelligence Unit (FIU), Al-Sayegh explained that the current FIU is comprised of seven CBK officials, assigned on a part time basis from other CBK departments. He acknowledged that the lack of Egmont Group membership and the FIU's overall structure and role at present were indicative of "deficiencies in the system." Without offering specifics, Al-Sayegh noted that the new draft legislation would rectify the systemic shortfalls in the FIU, transforming the current operation into a management entity capable of receiving and sharing information on a timely and comprehensive basis. He also noted that Kuwait Customs' request to assign a liaison officer to the FIU is under consideration. U.S. Customs advisor stressed the importance of establishing a coordinating link between the FIU and Kuwait Customs to ensure timely information exchange. Emboffs informed Al-Sayegh of USG technical assistance for FIUs and urged Al-Sayegh to take advantage of those resources. Poloff cited USG support to Yemen's FIU as a notable example of the broad resources available from various USG agencies. Al-Sayegh, although non-committal, was appreciative and promised to take these and other training offers into consideration.

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